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The film and television industry in London's suburbs: lifestyle of the rich or losers' retreat?

Galina Gornostaeva

Abstract

There is growing evidence of the decentralization of the film and television (FTV) industry in London. The article demonstrates that this decentralization is happening in a counter-intuitive manner: first, it is more prominent for micro production companies, which are most vulnerable to the loss of face-to-face connectivity; second, it occurs not in 'town centres' characterized by better services and connections, but in the residential suburbs. The article suggests that the industry is becoming more and more 'cottage-based' in a very direct sense – oriented to projects run from the homes of producers. This happens in both 'positive' and 'negative' ways: the former is typical for affluent 'home-based' producers; the latter, for industry's 'losers' and start-ups. The suburban concentrations of FTV production are being explained not only by the specifics of industry organization and the diseconomies of high rents and overcrowding but also by the requirements of particular lifestyles, as well as by simple business failure.

Keywords

film and television industry
suburbs
decentralization
London

Introduction

For several decades, the established situation and 'received wisdom' was that film and television (FTV) production companies are located in the very centres of major cities (CoL 2000). This was due to the fact that firms in those quarters enjoyed proximity to distributors and broadcasters, post-production houses, as well as restaurants, bars and clubs – felt to be necessary for networking (Granovetter 1985) and face-to-face exchange of information (Nachum and Keeble 1999, 2000). These face-to-face contacts, co-presence and co-location of people and firms within the same industry and place, are part of a 'project' ecology (Grabher 2001, 2002a, 2002b, 2004a, 2004b, Grabher and Ibert 2006) characterized by specific types of information exchange and communication referred to variously as 'buzz' (Storper and Venables 2004, Bathelt, Malmberg *et*

al. 2004), ‘noise’ (Grabher 2001, 2002a), ‘local broadcasting’ (Owen-Smith and Powell 2004), or ‘industrial atmosphere’ (Marshall 1920). However, the primary role of such areas, for example Soho in London, has been gradually eroded.¹ The long-term shift of FTV production into inner suburbs is also recorded in Paris² (Scott 2000a, 2000b) and Los-Angeles³ (Scott 2005).

The question of what peripheral parts of cities mean for economies and employment is not new. It relates to the idea that core/central business district (CBD) areas have higher land costs and congestion levels and therefore such areas will increasingly specialize in activities with limited space requirements and a high value placed on intensive face-to-face interaction (Gordon 2006). According to this hypothesis, the city centre will be the best location for FTV production companies, which fit the criteria. However, according to the authors noted above, it is not always the case and processes of decentralization have occurred among FTV companies too. The main reason put forward is the same – rising rents (Scott 2000b).

Research on decentralization, though mainly related to financial services (Goddard and Morris 1976), emphasizes that companies that relocated from the centre to the periphery in order to gain access to cheaper and more spacious offices and parking spaces need to compensate for the loss of proximity to their counterparts in face-to-face contacts; first, by increasing their use of telecommunications (which is questionable, according to, for example, Charlot and Duranton 2006); second, by having longer travel distances; and third, by the replacement of contacts with

¹ In 1951 (before the collapse of the studio system) the proportion of employed in the FTV industry (film production and distribution and television activities) in Westminster (including Soho) in comparison with London A.C. (equivalent of Inner London) was 61% ,and in 2005 only 37.1% (Source: ABI, Census).

² In 1967, 55.6% of Paris metropolitan region’s employment in film production was concentrated in the Eighth arrondissement (the very centre of Paris); in 1997, only 18.2% (Scott 2000a: 19).

³ New film production companies are located outside the dense primary cluster (from Burbank in the north and east through the central pivot of Hollywood to Beverly Hills and Santa Monica in the west) (Scott 2005).

business partners in the CBD area by local ones. Therefore there is always interplay between the centrifugal force of higher rents and congestion, and the centripetal force of being part of a creative milieu in close proximity to the business counterparts and related institutions, that influences the location choice decision of the company.

For FTV production companies, the results of this interplay will be informed, first, by the specificity of the ‘project’ ecology of the overall FTV industry.⁴ However, more importantly, there will be variations in this interplay caused by the non-homogeneous nature of the FTV ecology composed of a spectrum of firms with different networking practices (Grabher and Ibert 2006). These essential differences will be informed by the characteristics of their individual markets, by the size of the firm, by the specifics of their operations, and by their economic prosperity and bargaining power.

These organizational differences divide FTV firms into two distinctive groups: those that stay in the centre and those that prefer more peripheral locations. The main candidates for decentralization, sustaining spatially extended external relations, would be those with smaller budgets, working on packaged and serialized products (e.g. television programmes), or those with stable and long-term relational contracts to major distributors/broadcasters (Scott 2005) who would care less for a prestigious central address, or those who would like to break away from the media establishment (Leslie 1997; Grabher 2002).

The major differences between individual ecologies of FTV firms in London are influenced by the specifics of their negotiation and coordination activities (Allen 1999), as well as the historical conditions of deregulation, contradictory incentives and dependence on foreign investment, which will be discussed below. As a result of these particularities, decentralization in London, we argue, happens in a manner that is counter-intuitive. First, it is more prominent for

⁴ ‘FTV’ ecology has strong similarities with ‘advertising’ ecology, see works of G. Grabher referenced in the article.

micro production enterprises,⁵ which are most vulnerable to the loss of face-to-face connectivity. Second, decentralizing micro companies find their location not in the more urbanized suburban ‘town centres’ of Outer London or sub-centres of more peripheral Inner London, as one might expect, where they could enjoy better services and connections, but in the residential suburbs, where in many cases firms are run from the home of the producer.

The purpose of this article is to show that the FTV industry in the UK is characterized by a large number of micro production companies running one project at a time, with significant gaps in between. The financing of projects is often fragmented, comes from various sources – often located abroad – and for the majority, this financing is small scale, especially where it comes from public sources. These characteristics shape the FTV firm’s ability or inability to cover its overheads, including rents. It has become common for many FTV companies to be run from home, which means, in a large number of cases, a suburban home. There are several differential forces in operation here. Some FTV micro businesses are run by affluent producers, with established networks and track record, for whom the business is strongly integrated into their lifestyle. However, another group can be described as ‘losers’, with completely different economic imperatives.

The phenomenon of ‘suburban’ FTV production, we argue, can only partially be explained by ‘overflowing work practices’ (Jarvis and Pratt 2006), which, it is believed, dominate patterns of work in the creative industries. The point made by Jarvis and Pratt (2006) was that a large proportion of the work in these industries is carried out at home, outside the firm’s boundary, which may relate to increased distances between work and home and an ability to compensate for this by the use of new technologies. The present article, however, focuses on the extreme situation where the home becomes a firm, so that the place of work and place of residence are amalgamated

⁵ with less than 5 employees

and *all* work is done from home. This particular FTV geography reflects the spatial assemblage of the logics and interests of the *project team*, the *firm* and the *entrepreneur* (Grabher and Ibert 2006).

The article is organized into several sections. The first section considers the nature of FTV production and outlines the reasons for the existence of the large number of micro firms. The second provides evidence of decentralization of the FTV industry and discusses which FTV firms decentralize most. The third section investigates whether suburban areas concentrate a growing proportion of small FTV production companies, and how many micro businesses may be run from home. The final section uses interviews with the managing directors of FTV firms located in London's inner and outer suburbs in order to characterize the factors that influence their specific locational choices.

The analysis is based on available statistics⁶ and a series of twenty interviews conducted with managing directors of independent FTV production companies in different (central and peripheral) parts of London during the period 2001–2007. These interviews were a part of research projects with wider agendas and larger interview series: GEMACA II project (2002) (Gornostaeva and Cheshire 2002); a project on media industries for Camden Council (2003); and research funded by the UK Economic and Social Research Council (2003–2007). These research projects were similar in their main goal, which was to reveal the characteristics of the FTV ecology. This paper also draws upon an extensive secondary literature search, including planning and consultancy reports and web-based information.

⁶ Data from Annual Business Inquiry (ABI), Annual Employment Survey (AES) and census of population (CP) were used.

Why are film and television production companies small?

In 2005, 89% of FTV firms in London had fewer than 5 employees.⁷ The process of miniaturization of the industry was prominent in the last decade: the proportion of micro companies was only 74% in 1995. The existence of a large number of small, independent production companies in the FTV industry has historical reasons, the key factor being deregulation, typical of FTV industries across the world (Christopherson and Storper 1986; Deakin and Pratten 2000; Pratten and Deakin 2000). The erosion of the studio system in the film industry in the 1950s–1960s triggered subcontracting and the need for the existence of independent production companies. Deregulation of (public and commercial) television in the 1980s–1990s in the UK provided another impetus for a large number of independent production companies specializing in the production of commercials and outsourced TV programmes for new and established broadcasters. The majority of these independents did not grow into large firms (Baillieu and Goodchild 2002).

Other aspects of FTV organization also kept firms small. First, the dominance of US studios (Universal, Twentieth Century Fox, etc.)⁸ in British film distribution and exhibition (UKFC, 2006) is a very well observed phenomenon (Baillieu and Goodchild 2002; Pratt and Gornostaeva, forthcoming a, forthcoming b). British film production also failed, in competition with Hollywood, to access the international markets dominated by US majors. The finance of production companies remains fragmented and often depends on the willingness of US companies to invest in British films (co-productions) (Blair and Rainnie 2000). Public funding and other protectionist measures introduced by government, such as the investment of National Lottery funds into film franchises with the purpose of sustaining mini-studios (Baillieu and Goodchild 2002) did not improve the overall situation. British independents strongly depend on foreign and national

⁷ Here and below data from ABI.

⁸ See the list of US majors in Scott 2002.

distributors and broadcasters, to whom they transfer (totally or in part) the property rights of their product,⁹ which weakens their ability to accumulate profits and does not allow them to maintain film libraries. Existing tax incentives in the film industry also stimulate industry fragmentation as it is the filming *project* and not the *firm* that is the subject of tax benefits, and both financiers and government prefer to keep accounts for each project separately, which means that the same group of people create a new firm for every new project (Gornostaeva and Pratt 2007, draft). Television-based independent production companies fared better and many grew into substantial organizations via mergers and acquisitions, diversifying their products and combining production and distribution. However, even in television, presently only a few out of approximately 300 production companies have regular contracts that keep them buoyant and sustainable (McGown 2005) – the rest, as in film, are small, with sporadic work streams. Most FTV independent production companies work on one project at a time as it is ‘difficult financially and mentally to sustain a slate of films’,¹⁰ and with considerable gaps in between projects. Often a new firm is formed for a new project around a small core of people led by a producer and a director (Pratten and Deakin 2000; Nachum and Keeble 2003). As a result, the British FTV industry has gained its nickname as ‘the cottage economy’ (CMS 2003), the economy characterized by companies that consist of ‘a producer, an assistant and a dog’, as one of our interviewees sadly joked.

It is not only the particularities of (de)regulation and general national and international organization of the FTV industry that led to the domination of small companies. The specifics of the production chain are also important. The FTV production company orchestrates a set of functions, primarily the development (pre-production) of a film, programme or commercial. This stage requires a lot of negotiations about the product itself, as well as about its financing, distribution and conditions of the transfer of the property rights. Indeed the FTV firm can be seen

⁹ This has been changed for television companies in 2003 (GB 2003)

¹⁰ Here and below quotations are from interviews with managing directors.

as a 'negotiation agency' (Gornostaeva 2007). These activities require a lot of face-to-face communication, but not many employees or much office space.

Moreover, a large part of these negotiations utilize spaces that are not owned by the FTV production firm itself, which makes its requirement for office space even less significant. The face-to-face communications often happen not in the office of the independent production company, but in the 'territory' of the consumer, at festivals or in public spaces of clubs, bars, pubs and restaurants (Gornostaeva 2007).

Other important activities of the FTV firm are also performed mainly outside its own office space. Shooting, for example, in spite of the much larger numbers of staff involved, does not relate directly to the office space of the firm: coordination of filming may require a lot of attention, but shooting itself happens in studios or on location. Post-production activities are usually conducted by subcontracted post-production companies. Only some large television companies undertake these activities in house, which, with the latest development of technology, does not demand much office space (requiring only a PC) (Gornostaeva and Pratt 2006).

These particularities of the FTV production chain mean that independent production companies conduct only some of their negotiation and coordination activities in their own offices, so they can stay quite small and low profile.

Decentralization of FTV activities

The evidence of decentralization? In general, the nature of the production chain in the FTV industry suggests that a central location is the best for conducting negotiation and coordination activities that are typical of FTV independent production companies, especially for the smallest of them with minimal demands for office space. However, the data shows that it is not always the case.

For example, it was noticed elsewhere that Outer London in general now plays an increasingly important role in terms of the cultural industries than was previously the case (GLA 2004). There is some evidence of a trend for some areas of Outer London to become a focus of growth for creatively intensive industries, whereas the trend in Inner London shows a falling creative intensity (GLA 2004).

Of all the creative sectors, the FTV industry might be one of those with the strongest residual attachment to the city centre (Gornostaeva and Cheshire 2002). However, the general tendency for decentralization can still be observed. First, Inner London has a declining proportion of FTV firms inside London boundaries: 78.5%¹¹ in 1995 and 74.2% in 2005, and a slight decline in the proportion of employment: 83.1% in 1995 and 81.2% in 2005. In Inner London the role of the commercial centre – the W1 postal district – also declined: from 38.9% in 1995 to 25.2% in 2005 in terms of the number of firms, and from 26.8% to 25.5% in terms of the number of employees.

Moreover, during the last decade the number of FTV businesses and the number of employees grew faster in Outer London (26.4% annually in number of units; 4.8% in employment) than in Inner London (18.8% and 3%), and especially in comparison with the W1 postal district, which includes Soho (Table 1).

[Insert Table 1 near here]

A separate consideration of subsectors of the FTV industry supports the previous statement on decentralization, although not for film distribution companies, and particularly for the number of units (firms) rather than for the number of employees (Table 2).

¹¹ Inner London in comparison with London as a whole.

[Insert Table 2 near here]

Unfortunately, the available source of firm data (ABI) confuses the issue. It is not possible to separate out FTV production companies from the data set: the SIC (Standard Industry Classification) group ‘Motion picture and video production’ (SIC code 9211) contains not only production companies but also post-production; the SIC group ‘Radio and television activities’ (SIC code 9220) joins together not only radio and television, but also production companies and broadcasters. The geography of different parts of the FTV production chain is different, so an aggregated statement about the decentralization process has low utility, as it does not actually allow the identification of exactly which companies and activities decentralize most.

Which FTV companies decentralize most? The reasons for decentralization are suggested as being due to rising rents and diseconomies of congestion and overcrowding in the CBD areas; however, some companies can sustain changes, whereas others cannot. Taking for granted the existence of those general forces, we will concentrate on possible variations in the performance of the FTV firms that relate to their basic function – i.e. negotiations. We suggest that it is the amount, frequency, efficiency (amount per deal) and degree of routinization in negotiations, as well as the geography of places where negotiations may be conducted, that subsequently determine locational decisions of FTV firms.

First, it is the geography of customers and suppliers, which form the network of the FTV firm, that is important for identifying the geometry of the firm’s negotiation and coordination activities. Historically, major film distribution companies, some broadcasters (e.g. primarily Channel 4), post-production houses and especially public places of negotiations, were concentrated in or in close proximity to Soho, W1. In the 1980s, Soho was a cheap place to rent, to dine and to

entertain – one of the reasons why the first independents started their businesses there (Darlow 2004). Major broadcasters today do gravitate to the city centre, but have a much looser geography, especially foreign firms. The majority of post-production houses are concentrated in Soho (Pratt and Gornostaeva 2007, forthcoming, a, forthcoming, b). Studios, however, do require a lot of space and can be located at the periphery of the city, in suburban or even rural locations, as happens with major studios¹² servicing the London film industry (see maps). Filming on sites, which may be located anywhere in the world, contributes to the economies of film production as a whole (Pratt 2005) but can hardly trigger the relocation of the FTV firm itself. However, shooting on locations can induce the appearance of local services, as evidence from the ‘run away production’ phenomenon suggests (Coe 2000).

The ‘given’ geography of customers (distributors and broadcasters) and suppliers (post-production houses, studios and sites) can, however, be treated differently by different FTV firms when they choose their location.

First, there are differences in dependence on *proximity* to customers and suppliers between FTV companies oriented on different *products*. ‘Just-in-time’ production is most typical for companies producing commercials: their production cycle is the shortest and a number of projects, if the firm is successful, can be large. The interaction patterns of advertising agencies with service suppliers are characterized by the short-term demand for specialized inputs and the simultaneity of demand for a diverse range of inputs. Offers are made at very short notice, as campaigns are increasingly designed to react to political, cultural or sporting events (Grabher 2001). Some sense of urgency is also typical of the production of television programmes related to news and politics, but the production of TV drama series or long-shelf life documentaries is conducted in more relaxed regimes – here negotiations and coordination may be repetitive and over lower budgets, so

¹² Elstree Film and TV Studios, Leavesden Studios, Pinewood Shepperton Studios (PS Plc), Bray Film studios, etc.

there is a potential to standardize the prices and requirements to the content or the format. The conditions of the transfer of the property rights can also be easily routinized. This is the very reason why the ‘run away’ production phenomenon, well described elsewhere, is more typical for lower budget TV productions than for high-budget feature films (Scott 2005). However, it is obvious that the logic of intra-urban geography of the FTV industry does not correspond directly with the logic of ‘run away’ production.¹³

The different quantities and frequencies of negotiation and coordination activities characterizing companies oriented on different products suggest that there should be different expected degrees of centralization: the highest for the production of commercials, the lower for TV programmes, and the lowest (with the greatest potential for decentralization) for British film companies with long periods of development (2–3 years) and with mainly low budgets. Table 3 confirms this suggestion.

[Insert Table 3 near here]

The second differentiating factor in patterns of negotiations is the firms’ *bargaining power*, which is expressed in an ability to get the deal agreed efficiently in terms of time and resources. Bargaining power is built on the positive reputation and established track record of successfully completed projects, and may be expressed, although not necessarily, in the larger size of the firm. Firms with high bargaining power can complete the negotiation of the deal ‘over a five minutes conversation by phone’ as our interviewees reported, and that may suggest an enormous freedom of location and potential for decentralization, if chosen. However, if bargaining power is high, it usually means that the firm is financially successful and has less difficulty with paying overheads,

¹³ The phenomenon of ‘run away’ production mainly relates to shooting and not to development or post-production (see Scott 2005 and Coe 2000 for detailed explanations).

so it has a greater ability to be in the central area with higher rents. If a firm is successful, it is also more likely it will be of a larger size. So, paradoxically, it may be that the bigger firms would be more able to keep a central position than smaller ones. For example, Outer London has a higher proportion of micro FTV firms than Inner London (respectively 93.5% and 87.4% in 2005) and the lowest proportion of micro firms is in the W1 area (79%).

A different set of data, on companies located in the W1 postal area, shows that this area has a concentration of large businesses rather than small ones (Table 4), especially for companies producing film.¹⁴

[Insert Table 4 near here]

Another set of data shows that micro companies do grow faster in peripheral areas than in central ones (Table 5) and they grow faster than bigger companies (comparing Tables 1, 2 and 5).

[Insert Table 5 near here]

So, the data above suggest that the decentralization of the FTV industry in London occurs mainly as a result of the decentralization of micro production companies, and this will therefore be the focus of the rest of this article.

¹⁴ It is wise to remember the nature of the data source, so that bigger production companies in film can be post-production companies (orientation of the centre), and bigger companies in television can be broadcasters (less central locations).

The evidence of growing importance of suburban locations

Considering the example of other industries (Gordon 2006) and the case of the FTV industry in particular, with its still strong gravitation to Soho – the area that provides the best environment for face-to-face communications – one would expect that outside Soho and the city centre in general, micro-level FTV firms would be located in suburban ‘town centres’ of Outer London, for example Croydon, Ealing, Harrow, Wood Green, Ilford, etc., or in sub-centres of Inner London, such as Camden Town, Islington, etc. These alternatives to city centre locations have high concentrations of other creative and service companies and good transport connections, and may provide relevant services, compensate for the loss of the customers in more central locations, or provide environments for face-to-face interaction.

However, as emphasized elsewhere, Outer London ‘town centres’ have reduced their attractiveness for service industries (Gordon 2006) in recent years. The problems of stagnation of some Outer London ‘town centres’ have been related to the office stock available in these centres and change in demand (Gordon 2006). The key problems included qualitative shortcomings in what outer centres had to offer, with a vicious circle of lower demand, supply, choice and rents; and an ageing office stock in shabby locales with a poor image (Marsh, Chippendale *et al.* 2003). It was suggested that ‘when centres like Croydon, Sutton and Harrow enjoyed their office development “heyday” in the 1960s and 1970s, London as a city had a far more suburban culture. Now the business culture of London is very urban’ (Marsh, Chippendale *et al.* 2003: 79). Other observers (Butler and Robson 2003) point out that office suburbanization was in line with population suburbanization between 1971 and 1981, when up to 40% of the Inner London population ‘left’ for the suburbs. However, from the 1980s professionals started to move back to Inner London, as in other inner cities (e.g. Manchester, see Nathan and Urwin 2006). From this time onwards, the phenomenon of gentrification has become prominent and cosmopolitan ‘middle classes’, including media professionals, continued to move into the desirable areas in Inner London

(Barnsbury, Battersea, Dalston, Brixton etc.) to be close to the places of work and socializing. This, one would expect, would reduce opportunities for media production in more peripheral London. Many inner suburbs today are undergoing further gentrification. What the data below suggests is that certain outer suburbs have also become gentrified.

The data analysed below clearly shows the tendency of increasing concentrations of FTV micro businesses and the growth of their numbers in the last decade outside of the ‘town centres’ of London’s periphery, and outside the sub-centres of Inner London, but in the least expected *suburban locations*. This contradicts the statements above and questions what the expressions of urban business culture are for FTV micro firms. FTV micro firms probably do not appreciate the unattractive ‘suburban’ environments of the ‘town centres’, but it does not stop them from retreating to what at first sight seems like an even less appropriate business environment in the inner and outer suburbs themselves. The reasons for this phenomenon will be discussed in the next section.

In order to prove the point and to differentiate between the ‘centres’ and the suburbs both in Inner and in Outer London, we used the indicator of job density (GLA 2005).¹⁵ In this study the threshold of 50 jobs per hectare was used to separate areas of a mainly residential character. Table 6 shows that areas with densities lower than 50 jobs per hectare are more attractive for micro FTV businesses now than 10 years ago, in comparison with the city’s major job locations (job densities higher than 100 employees per hectare). In Outer London however, there is some growth of micro businesses in the areas with job densities of 50–100.

[Insert Table 6 near here]

¹⁵ Similar indicators were used for identification of the cores of Functional Urban Regions (FURS – Cheshire and Gornostaeva 2002) or differentiation between urban and rural areas (Craig 1987; Bromley 1994).

Maps 1 and 2 also demonstrate that micro FTV businesses are concentrated¹⁶ and grow faster in areas with densities lower than 50 jobs per hectare – which include inner suburbs – than in areas with higher job densities.

[Insert Map 1 near here]

[Insert Map 2 near here]

These maps also show which particular suburban areas are most attractive for FTV firms in peripheral parts of London. One group clearly relates to the locations of FTV sound studios in Outer London and outside the M25 boundary: micro firms are located close to a particular studio or in between two major studios (especially typical of West London). Another group indicates well established, affluent inner suburbs (located in Inner London boroughs), with a long history of middle-class residency, including media professionals (e.g. Hampstead, Highgate), or ‘gentrified inner suburbs’ that attracted middle classes in the 1970s–1980s, e.g. Primrose Hill, Kentish Town, Putney or Islington (Butler and Robson 2003). These were in close proximity and partly related to the establishment of new independent broadcasters of UK and foreign origin (MTV, TV-AM, etc.) outside of Soho in the 1980s. However, there are also areas that do not have an established image of ‘media villages’ and do not relate to any film or television facilities.

The suburban areas may contain both businesses working from offices and businesses working from *home*. Data (from the FAME¹⁷ database) indicates that a high proportion of micro

¹⁶ Concentration is measured by location quotient (LQ). It is defined as: $LQ = (E_{ij} / E_j) / (E_{in} / E_n)$, where E_{ij} is employment in industry i in region j , E_j is total employment in region j , E_{in} is national employment in industry i , and E_n is total national employment. An LQ greater than 1.0 indicates that there is an above average proportion of employment in a given industry in a given region (DTI 2001).

FTV firms are run from home: in 2006 in Inner London 51.3 %¹⁸ and in Outer London 54.5%¹⁹ of selected firms' trading addresses²⁰ coincided with the home address of one of the company's directors, which usually indicates working from home. In many cases, firms consist of relatives: husband and wife, father and son, which shows the family character of these small FTV businesses.

The available data from ABI allows us relate the areas where media professionals live and where they work only indirectly, assuming, of course, that it may be not the same people who occupy each area. Map 3 indicates areas of residency of media professionals. Comparisons between Maps 2 and 3 identify areas where we may infer that FTV businesses are run from home.

[Insert Map 3 near here]

Comparison of Tables 7 and 8 also gives some indication that jobs in the FTV industry in many cases may coincide with the areas where media professionals live.

¹⁷ FAME – Financial Analysis Made Easy: database contains information on the trading address of the company and the home addresses of the firm's directors. We selected firms with number of directors 4 or fewer; unfortunately it is not possible to rely on information on number of employees in this data set, which is very irregular.

¹⁸ Total number of firms: 1993.

¹⁹ Total number of firms: 547.

²⁰ There are three sets of addresses for the firm: registration address, trading address and home address of listed (registered) directors. Trading address and registration address are not always the same: some firms are registered with organizations, so several firms can have the same address of registration, which actually belongs to the 'third' party. Sometimes firms have a registration address of this kind and no trading address, which probably means that their communication happens through this address, but they operate from somewhere else (possibly from home), in this case numbers above would be even higher.

[Table 7 near here]

[Table 8 near here]

As the above demonstrates, the significant suburban areas in London where media professionals reside are also the areas where a growing number of micro FTV businesses are concentrated, supporting the view of the growing importance of a ‘cottage-based’ FTV industry. The next section will concentrate on particular cases of FTV firms run from suburban homes and explanations of why this location has been chosen.

Suburban FTV independent production companies: lifestyle of rich or losers’ retreat?

Interviews with the managing directors of FTV production companies located in the London suburbs provided some insights into their decisions to run the business from home. Indeed, that decision allowed them to economize on office rents; however, it seems to be a disadvantageous choice from most other points of view. There are obviously two questions to pose: why the location of the firm had to be peripheral rather than central, and if so, why it was run from a suburban home and not from the separate office in the denser town centres.

The accepted reason for peripheral locations, interviewees confirmed, is the rising rents in the city centre:

This area is close to the City and to the West End but the rents are cheaper here. Many media companies moved here because of that. Fewer companies are now in Soho, they are all moving out, it’s too expensive to stay in there.

(Managing director, film for television, Hampstead, 2005)

The second reason is congestion and, recently, congestion charges:

I moved because it is difficult to get into West End, it is saturated, you get traffic tickets all the time, parking is not possible and expensive.

(Managing director, commercials, film, Finchley area, 2005)

However, the congestion problem is hardly avoidable anywhere in the city if it is accepted that being located in the periphery still requires regular visits to the centre for face-to-face interactions of various kinds. Congestion can be avoided only if relative autarchy is achieved at the peripheral location and firms can replace their business counterparts from the city centre by the local ones or, on the contrary, by those outside the city or the country. Some kind of a business park might provide an alternative location; however, in reality, peripheral FTV firms still do keep production and social links with the city centre.

Many areas in the inner suburbs (e.g. Hampstead) are not considered to be very far away from Soho, where production companies maintain their relationships with post-production companies or visit media clubs and restaurants, and can be reached by public transport (e.g. underground), by taxis (if on production) or even by foot:

We are very close to Soho here, I can walk into Soho in just over an hour, when the weather is nice I walk through Regent's Park and go straight to Soho.

(Managing Director, film, television, script writing, Hampstead, 2003)

Some interviewees did mention that the Internet and mobile phone are conducive to decentralization, as contacts are maintained with known members of the global network, rather than opportunities taken with unknown members of the locality. However, it was also emphasized that telecommunications can be used either at preliminary stages in the collection of information or

when trust is already established and networks are already created via previous intensive face-to-face interactions (Gornostaeva 2007). The role of telecommunications in relaxation of the tight attachment of FTV firms to the city centre has been considered in detail elsewhere (Gornostaeva and Pratt 2006).

The main reason why many companies chose the more peripheral locations is the long periods of development, especially for film companies:

Traditionally the movie business is in Soho. But production houses move out, we spend a lot of time in development. It takes 3–5 years to develop the material. So, we don't need to be in the centre all the time. We don't need 'to show dresses in the window' [to be close to the consumer].

(Managing director, film, Finchley Park, 2003)

Some FTV firms have very specialized markets and work for a unique client, which makes them less dependent on London's media cluster and more involved in international networks. For example, one of the interviewed firms worked on documentaries on American film history and the restoration of silent films:

Our main customer is in Atlanta. We spend small amount of time and money chasing customers, because we are known for what we do. We have very few competitors because we are in such a small field. There is no company in the world of the same kind. But there is less and less demand for this kind of programmes. TV is doomed in terms of arts programming. This influenced us. We don't need to be in Soho, and I am sure that we could not afford [to rent there]. Most of my time is spent here, most of my work is done here. There is no advantage in being there [in Soho]. Yes, of course, you can walk to

places, but you don't spend much time in Soho only a few days every few months [for post-production].

(Managing director, documentaries, Primrose Hill, 2004)

Reliance on international markets and the need to accumulate money from several international sources also reduces the dependence of production companies on the city centre. Moreover, the character of business, when only one project at a time can be run by a firm consisting of two or three people, makes it economically inappropriate to have an office. Running business from home becomes an option which satisfies a *lifestyle of a producer* and involves both work and socializing:

I moved office 3 times, in 1992 I started to do films [abroad], e.g. I've just been in the Caribbean, doing a film for Channel 4, I started to realize that I am running an office in Soho when I am there only 6 months in a year, and what was the point of that? I made my office in my house. I have a big house here. People who want to give me money don't want to come to my office, e-mail is used and mobile phones, finance comes from Germany and Spain, some money comes from Ireland and America, they expect me to go to them, they don't come to me, so, our office is really for administration and accounts and creative meetings with writers and directors, talking to actors; I like to see them in my house, it's more comfortable for me, it's more relaxing, they like it, people like Primrose Hill, they immediately become slightly different people here. It is not so pressurized.

(Managing Director, film and television, Primrose Hill, 2003)

Interviewees made another important point. They confirmed that established and successful micro business in London may choose the location satisfying the requirements of *the lifestyle* of

the managing director, rather than production needs of the firm: 'People try to work close to where they live, to good schooling, etc.'. Those businesses can gravitate to the high-quality personal services and local amenities, rather than to the concentrations of customers, suppliers and the nodes of 'buzz', suggested by cluster theory:

[I have chosen this location because] good schools are important and leisure facilities such as a park, tennis court, good local doctors, shopping facilities, etc. Bohemians are attracted to this area, 20 years ago it was cheap to buy a house here, it is still a little bit shabby but still very attractive; it is not posh, posh, posh, people are not dressed up here, they are dressed down.

(Managing Director, film and TV, Primrose Hill, 2006)

The majority of producers of this kind are also rich enough to sustain what is mainly an unprofitable film business. As one of our interviewees put it 'in the feature film business producers in this country are independently wealthy, they already have enough money not to worry how to buy food or to pay rent'. Some accumulated enough money on previous jobs, e.g. in the production of commercials, and later decided to devote their time to their 'dream' of making a feature film that would fully express their creative potential.

In some cases, this kind of producer rents an office only when they have secured finance for a particular production, so that their overheads for this period can be covered by the film budget:

I live here and run my business from home, it seems pointless at the moment to have an office and pay for an office, so when I am on a particular production, I then find an office

or use somebody else's office for that period of time and then bring things back here [to my house].

(Managing director, television, Hampstead, 2006)

There are also firms that keep two trading addresses – one at a suburban home, another in the city centre, mainly by borrowing somebody else's address for collecting mail, or by using it for free, or renting it cheaply from friends or former colleagues. However, many interviewees confirm that once a network and reputation are established, the image and 'prestige' of an address in Soho loses its importance and a more peripheral location, which better suits their lifestyle, is possible:

At the initial stages to have a sort of fashionable name in my address was important, I had to be in the space that anybody even in Japan had heard about; Soho is known as a place where films come from. So, there was an element to it. But after a while it changed. The reason why English companies and I were in Soho was that we had to be in walking distance from the [advertising] agencies. But I don't deal with British agencies now, and 100% of my job comes through the Internet and phone calls. Now it really doesn't matter for my client, the Japanese client in my case. So I moved my company, it is a very small company, it is myself and my partner and an assistant working for me on a permanent basis. I moved to this location, actually because my son studies at the school across the road, so I found this location which is closest to my son's school.

(Managing Director, commercials, Japanese firm, Wandsworth, West London, 2004)

Some residential suburbs have clearly established an image of being 'media villages' – the best example of this is Hampstead, which had a long history as a place of residence for artists,

producers and directors (Wedd, Peltz *et al.* 2001), including for instance, Ridley Scott (director of *Gladiator*, etc.):

This street [here in Hampstead] is like a little Hollywood, I mean, apart from myself we have here in the top flat an assistant to the person who did *The Full Monty*, next door, there is a company making commercials and corporate videos and things for television, above them there is another company for feature films.

(Managing Director, film, television, script writing, Hampstead, 2003)

In addition, more recently other more distant suburban areas have become locations where FTV production companies are run from the homes of their managing directors. Those companies are even less dependent on Soho, its cluster of clients, post-production houses and other services and places of socialization. An example is an interviewed firm run by a family (husband, wife and son) from the area around Pinner (Harrow, North London):

It takes an hour and a half to go to the centre of London from where I live, it is overcrowded there and I find it unsociable and difficult to work there, so I operate my firm from home now. Here there are trees, etc. I moved away from London twenty years ago. Well, I am shooting in Romania now, anyway, the 'British' film, using British tax payers' money, made by a US company, with US executives, under the control of US major, with less than six British crew. However, here I am twenty minutes from Pinewood Studio, fifteen minutes from Elstree Studio and twelve minutes from the Leavesden studios; they all have production and post-production facilities. There are several production companies in our area. Even distribution companies are now around, we have one in Pinner, ten minutes away. We all see each other at the festivals and go to the same [local] restaurant.

(Managing director, film, Northwood, North London, near Harrow, 2006)

From interviews with other participants, it is clear that there is some attempt to use local services at peripheral locations, or even to recreate the buzzing milieu in specific preferred restaurants or bars and clubs. However, in the majority of cases, local post-production services may be cheaper, but of lower quality, than those in Soho, and not suitable for established companies. Local meeting places may have an established reputation among local businesses and residents (e.g. Odette's restaurant in Primrose Hill, Camden), but a critical mass of such places is usually not sufficient to make them comparable with Soho. That means that in a majority of cases, FTV firms located in the suburbs are not able to replace completely the links and networks developed in CBD areas, and they continue to visit Soho for production and social purposes. Importantly, interviewees do not recognize any damage to their networking activities by running business from a suburban home:

If I meet people generally I can meet them anywhere, I can meet them in Soho, or they can come to Hampstead. I don't lose anything, contacts, or time ...

(Managing director, television, Hampstead, 2006)

There is a quite different group of suburban-based FTV companies, which contains industry 'losers' who had to leave their more successful locations in the city centre because profits declined and their production was reoriented towards a lower level and more local clients, such as charities, small music bands and public organizations. Interviews with these FTV producers supported the idea that cheaper rents may be identified as an important factor for choosing more peripheral areas for the primary or subsequent location. However, this only becomes a reason

when the firm loses its bargaining power, and therefore its ability to get contracts and to cover any kind of overheads, including employing staff or earning a living for themselves:

In the last 5 years I have made products mainly for corporate and non-commercial ventures, we also make video for charities, special interest groups, and short stories for a local cable TV channel. I had four permanent staff and an office in Covent Garden. We did environmental programming. Later on we bought an office in this area just round corner. But we have given it all up gradually, now we have an office in the house where we live. We couldn't afford the rent. We scaled down. The only overheads is I, I can't even afford to pay myself every month.

(Managing Director, television company, 2002)

It is not only the stagnating or marginal FTV businesses that are forced to retreat into non-affluent suburbs and work for local clients and to work with the help of the less expensive but lower quality services and facilities. It is also the start-up firms, which are at the beginning of their career, with not yet developed networks and less chances of obtaining a 'deal' that would populate the less desirable suburbs of Inner and Outer London. For many FTV businesses of this kind, the name 'cottage economy' has a very direct sense, as not only is business run from the suburban home, but also that home often has to be remortgaged in order to become an investment into their first independent FTV production.

Conclusion

The statistical analysis and interview material presented in this article confirm that a significant proportion of FTV firms are very small, do not have a dedicated office, and are run from the home

of the producer or the director, which means that the residential areas of London's inner and outer suburbs are becoming more prominent places for attracting decentralized businesses.

The article suggests that the increasing numbers of FTV firms demonstrating an ability to conduct their business at a distance from the city centre (the core of the cluster) cannot be explained entirely by the expanding use of telecommunications or the increased mobility of employees. Moreover, the increasing numbers of those not able to sustain a central location are reacting not only to rising rents and diseconomies of congestion and overcrowding.

Although all these factors do play an important role in the organization of the FTV cluster in London, the article highlights first, the significance of more 'universal' factors, which form the ecology of the industry, such as its global (or international) nature, dependence on both private foreign (mainly from the USA) and public local capital, the specifics of property rights transfer, the particularities of the production chain, and the embeddedness in both international and local networks (Bathelt, Malmberg, *et al.* 2004). The combination of these forces has resulted in the *trans-local organization of production* (Gornostaeva and Pratt 2007, draft). On the 'local' side this is characterized by the dominance of micro businesses in the independent FTV production sector, sporadic funding for free-standing projects, difficulties in sustaining 'fund-less' periods, and therefore by various techniques of economizing on overheads, including rents. This leads to a specific type of FTV production organization, referred to as 'the cottage economy', with characteristic networking practices, which, following G. Grabher, might be called 'the FTV cottage ecology'.

Second, the article highlights the fact that despite the limitations imposed by the trans-local model of organization on a variety of firms, there is still plenty of room left for diversity among FTV producers. The decision by some FTV production companies to decentralize, or not to establish an office in the city centre in the first place, relates to their bargaining power, size, character of established networks and niche occupied in the markets. Our interviewees confirmed

that there is ‘positive’ and ‘negative’ decentralization, but sometimes it is difficult to draw the line between the two. The ‘positive’ decentralization relates to those firms whose ecologies are more ‘trans’ than ‘local’: they rely mostly on international counterparts, funding and networks but at the same time are in charge of the necessary intensity of local networking and operations. The directors of many micro FTV companies who run their businesses from their own home located in affluent suburbs have a specific cosmopolitan lifestyle that is an amalgamation in time and space of their work, socializing with colleagues and a private life. This lifestyle is sustained by quite a high income – inherited and/or earned via the media business itself.

‘Negative’ decentralization is typical of firms with low bargaining power, relying on limited and mainly public funds, with a restricted range of choice when they have to decide on their location. Their ecology is characterized by heavy dependence on local networks and yet they have limited access to them precisely because of their weak position. This is a group of marginal firms and start-ups, which also run their business from suburban homes but have to manipulate with insufficient income.

The fact confirmed in this paper, of a definite polarization not only between those in the centre and those at the periphery, but also between those in rich and in poor suburbs, indicates inequalities in working practices and lifestyles typical of the ‘creative class’ (Florida 2002) and the need to consider the different ecologies typical of its different groups (Gornostaeva, forthcoming).

There are other questions raised by the phenomenon of decentralization. First, whether there is a danger that the increasing spatial scale of the FTV cluster in London indicates the reduced forces of attraction to its core, and whether there is any reason to make a parallel with the – different in scale and reasoning but similar in appearance – ‘run away production’ which is seen by some as a threat to Hollywood itself (Scott 2005). The answer would require the investigation of the competitive potentials of those who stayed in the centre and those who did not (which is beyond the remit of this article). What this article does emphasize, however, is the importance of

the *quality of life* ‘incentive’ in the geography of FTV production, as this factor alone can determine the places where media professionals live and therefore, in many cases, where they work.²¹ Importantly, running a business from a comfortable Inner or Outer London suburban home privileged by close proximity to high-quality services, such as schools, health surgeries, shops and parks, has become a more prominent feature of contemporary urban business culture. However, even considering all this evidence, it is likely that the dissolution of the Soho media quarter is still a long way off, partly because the travelling distances and related transaction costs are not so burdensome, so that necessary face-to-face interactions still can be performed in the city centre.

The second question is whether the increasing role of London’s suburbs as locations for FTV production requires new urban or cultural policies at the city or borough levels. The provision of free or subsidized office/work space may be a policy intervention that public agencies have pursued (Creative London 2006), but it can help only temporarily, and only those firms which are capable of economic growth and can obtain, in time, their own means of survival and are able to move on. If attention were shifted from major regulatory decisions to local property-based solutions, we would soon be dealing with a different kind of amalgamated home–work phenomenon, where the workplace is used as a home. As one of our interviewees confessed:

We have got these premises from the Council, we had to do a lot of improvements here but it is very cheap. It is far away from the place where my partner and I live, so we stay here during the week and come back home at weekends. I know it’s illegal but it is convenient.

(Managing Director, commercials and film, industrial outskirts of Camden Town, 2004)

²¹ The ‘lifestyle’ oriented concentrations of FTV production in London correspond with the similar phenomenon in Hollywood, where the Bay Area is an attractive location for skilled labour, and forms a sort of specialized outlier; however it is not the budding alternative to Hollywood (Scott 2005).

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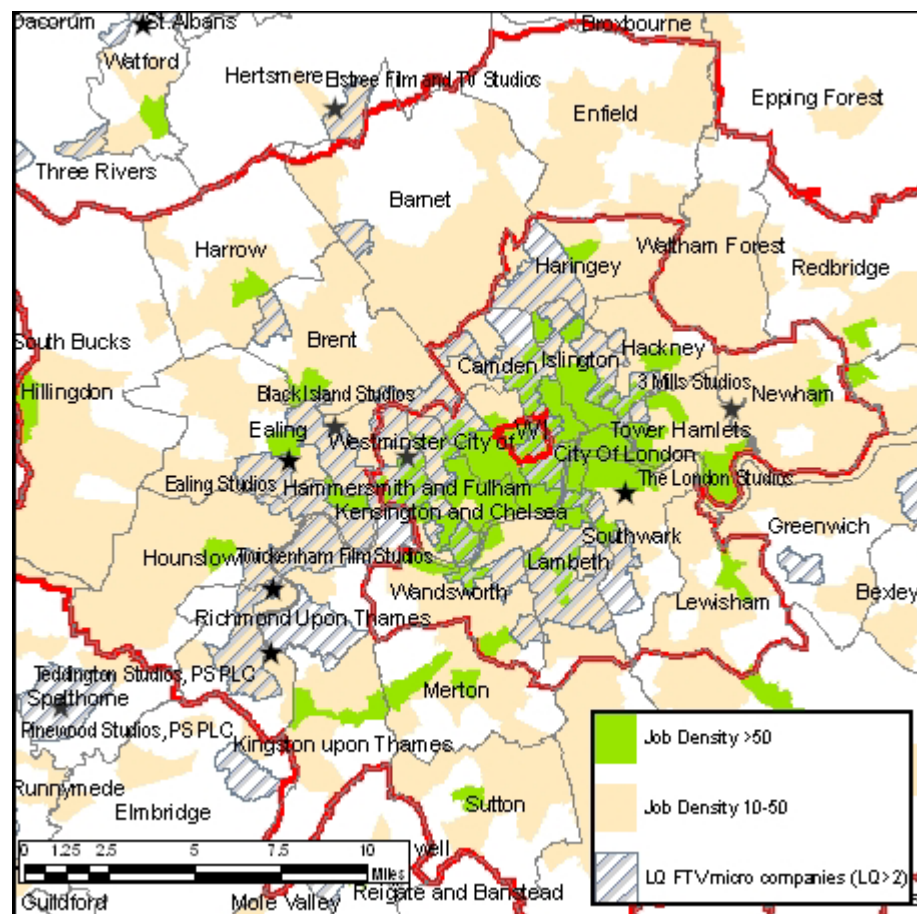
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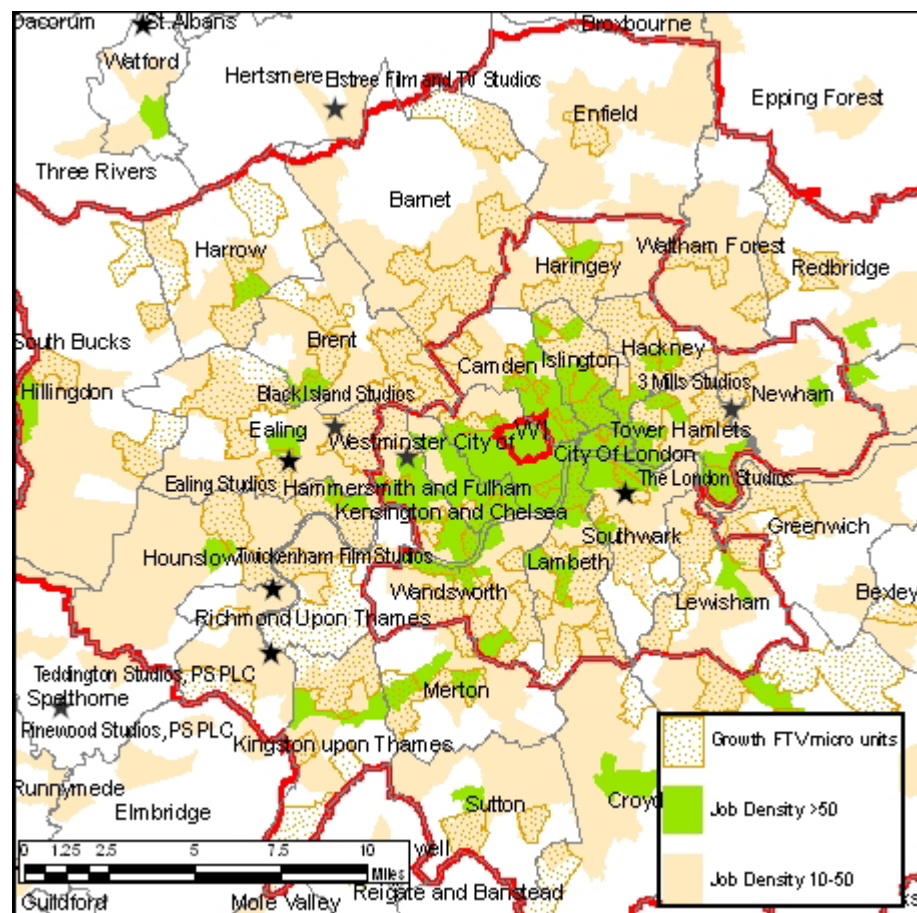
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Captions for maps

Map 1 Job densities and location quotient (LQ) for micro FTV companies (number of employed), 2005 (Boundaries: 2003 CAS wards). Crown copyright. [★ - Studios]

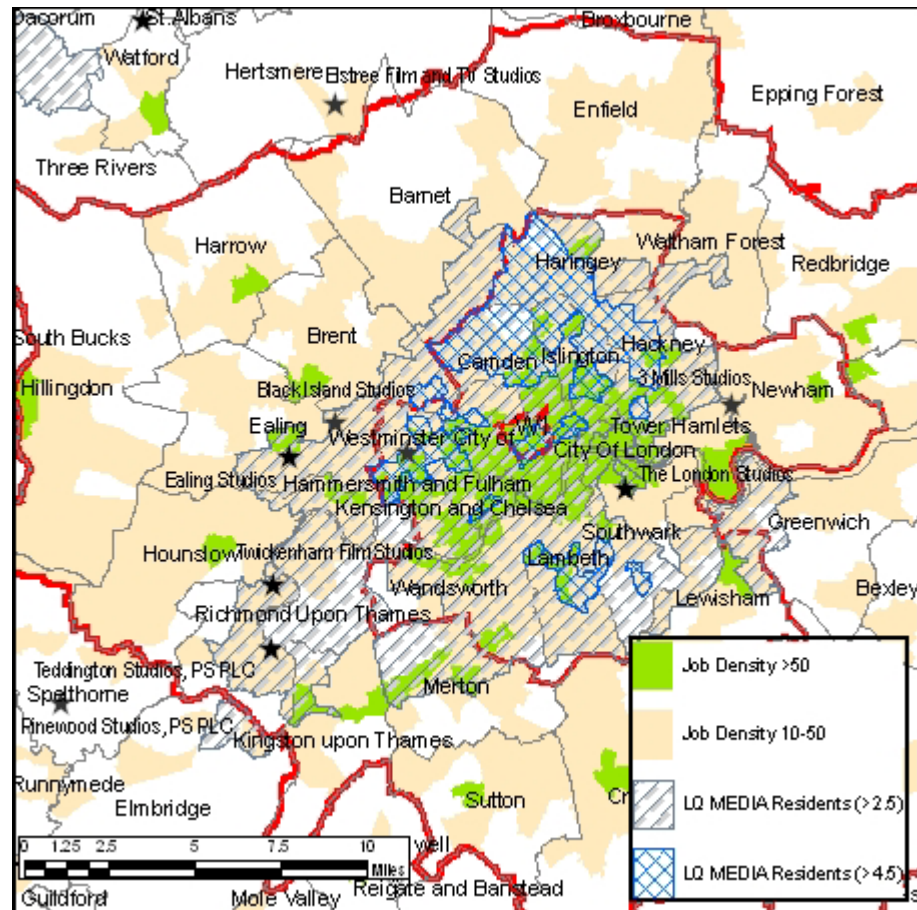


Map 2 Job densities and the growth of a number of units in FTV industry, 1995–002 (more than 60% annually) (Boundaries: 2003 CAS wards and 1991 frozen wards) Crown copyright. [★ - Studios]



Map 3 Job densities and location quotient (LQ) for media professionals' residency, 2001

(Boundaries: 2003 CAS wards and 1991 frozen wards) Crown copyright. [★ - Studios]



Tables

Table 1 Growth of FTV industry, 1995–2005, annual, %

Area	FTV – ALL ²²	
	Units	Employees
W1 postcode area	8.7	2.4
Inner London	18.8	3.0
Outer London	26.4	4.8
London	20.4	3.3

Source: ABI, 1995, 2005

Table 2 Annual growth of FTV industry by subsector, 1995–2005, %

	Units		
Area	9211: Motion picture and video production	9212: Motion picture and video distribution	9220: Radio and television activities
W1 postcode area	10.7	2.4	7.0
Inner London	20.5	5.1	19.2
Outer London	30.1	5.1	26.9
London	22.4	5.1	21.0
	employed		
W1 postcode area	5.5	3.2	0.3
Inner London	4.7	12.1	2.0

²² FTV includes: 9211, Motion picture and video production; 9212, Motion picture and video distribution; 9220, Radio and television activities.

Outer London	1.5	6.9	5.9
London	4.0	11.0	2.6

Source: ABI, 1995, 2005

Table 3 Concentration of different parts of the FTV production chain in W1.

FTV companies	W1, % of Central London 1)
Studios	9.6
Distributors	57.6
Broadcasters	32.4
Advertising Agencies	40.9
Production companies:	
Commercials	51.3*
TV	39.7*
Documentary	24.3*
Feature Film	37.4*
Post-Production:	
Sound studios	66.2
Facility chart	86.8*
Animation production companies	57.7*
Post-production (editing)	70.7*
Post-production (Film)	85.0*
Post-production (TV)	64.5*
Clubs & Restaurants	33.0*

Source: The Knowledge, 2001(*), 2006; 1) Central London: postal areas – W, WC, EC, N, NW, SE, SW, E.

Table 4 Centre (W1) in comparison with London, number of units, %

Size band, employees	9211 : Motion picture and video production 2005	9220 : Radio and television activities	9211 : Motion picture and video production 1995	9220 : Radio and television activities
1–4	19.2	11.5	28.8	21.5
5–10	40.2	26.2	50.8	36.3
11–49	40.5	32.0	47.5	38.1
50–199	60.0	28.1	64.3	27.6
more than 200	50.0	25.0	0.0	7.7
Total	21.0	13.9	33.0	25.5

Source: ABI, 1995, 2005

Table 5 Annual growth of micro businesses (14 employees) in FTV industry

1995–2005	921: Motion picture and video production Units	9212: Motion picture and video distribution	9220: Radio and television activities	FTV – ALL
W1	15.1	4.3	11.2	13.1
Inner London	25.8	6.4	28.6	25.2
Outer London	34.1	8.7	33.0	31.6
London	27.5	7.0	29.9	26.8
	Employees			
W1	6.2	0.3	4.5	5.3
Inner London	9.7	0.4	11.5	9.5
Outer London	13.0	3.5	12.0	11.8
London	10.4	1.1	11.7	10.0

Source: ABI, 1995, 2005

Table 6 Growth of the FTV industry (micro businesses with 1–4 employees) in areas with different job densities, 1995–2002

Jobs density, employee per hectare	Inner London		Outer London		London	
	Units	Employed	Units	Employed	Units	Employed
>750	34.1	64.9	n/d	n/d	34.1	64.9
500–750	33.5	69.1	n/d	n/d	33.5	69.1
250–500	44.2	78.6	n/d	n/d	44.2	78.6
100–250	43.5	65.1	17.1	20.0	42.4	63.2
50–100	43.3	59.5	82.1	108.3	46.4	63.4
25–50	51.0	66.1	65.1	91.6	54.9	73.2
10–25	138.9	161.4	72.5	92.6	95.2	116.1
5–10	43.6	65.4	80.4	111.2	69.7	97.8
<5	n/d	n/d	542.9	764.3	607.1	814.3

Source: ABI, 1995, 2002 (frozen wards, 1991)

Table 7 Residency of media workers in areas with different job densities

Job density, employee per hectare	Share of media workers* living in the area		
	Inner London	Outer London	London
>750	1.1	n/d	0.7
500–750	1.3	n/d	0.8
250–500	3.2	n/d	1.9
100–250	11.7	1.2	7.5
50–100	18.3	4.7	12.8
25–50	32.9	18.7	27.2
10–25	25.8	45.3	33.7
5–10	4.6	21.7	11.5

<5	1.0	8.3	4.0
Total	73976	50029	124005

Source: Census 2001. * Culture, Media and Sports Occupations code 34 in S039:209: 3. Associate Professional and Technical Occupations.

Table 8 Concentrations of employed in FTV micro businesses (1–4 employees) in areas with different job densities

Jobs density, employee per hectare	Inner London		Outer London		London	
	Units	Employed	Units	Employed	Units	Employed
>750	20.7	27.3			15.1	20.6
500–750	7.8	9.2			5.7	6.9
250–500	6.8	7.6			5.0	5.7
100–250	11.0	11.2	0.8	0.7	8.2	8.6
50–100	15.1	13.5	4.8	5.3	12.3	11.5
25–50	23.1	19.5	24.6	25.9	23.5	21.1
10–25	13.0	9.8	48.1	47.4	22.5	19.0
5–10	2.2	1.8	16.1	14.9	6.0	5.0
<5	0.3	0.3	5.6	5.9	1.8	1.6
Total	4358	5967	1620	1925	5978	7892

Source: ABI, 2005